

SOLANO COUNTY ECONOMIC FORECAST

Solano County is located in the San Francisco Bay Area. The county borders shares its eastern and northern borders with Yolo and Sacramento Counties. The economy of Solano County has fared far better than other Bay Area counties since the dotcom bust of 2000. Solano County has a population of over 422,000 people including 129,000 wage and salary jobs. The per capita income in Solano County is \$33,062, and the average salary per worker is \$48,664.

Although not nearly as robust as Southern California, employment growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased by 0.8 percent last year. In 2005, 2,500 wage and salary jobs were created in Solano County, representing a growth rate of nearly 2.0 percent. However, the unemployment rate increased to 6.3 percent in 2005.

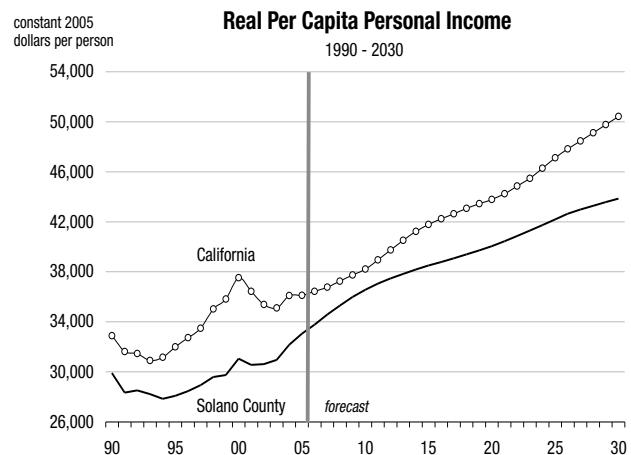
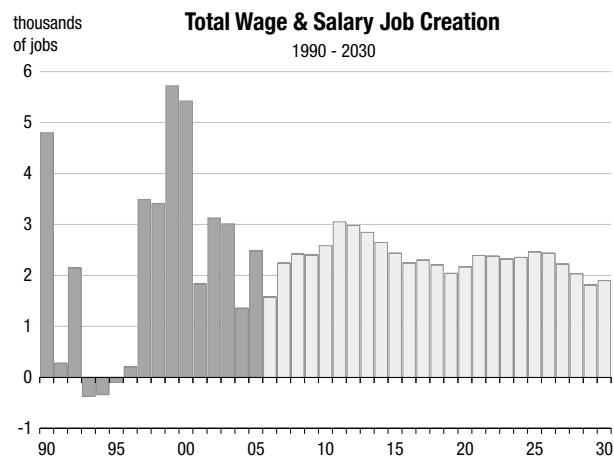
The construction sector created the most employment opportunities last year, accounting for 1,400 new jobs, more than half of all net job creation in the county. The professional services, information technologies, and healthcare and education sectors all had slight declines in employment totaling 600 lost jobs.

Population growth remains positive in Solano County, but the growth rate is modest at just under 0.7 percent. The three largest cities in the County, Vallejo, Fairfield and Vacaville, account for over 75 percent of the total population. They grew by a scant 0.2 percent from January 2005 to January 2006.

The economy of Solano County never experienced the significant downturn that most other Bay Area counties faced at the turn of the century. Employment and population growth are forecast to continue at a pace of positive but moderate growth for the remainder of the decade.

FORECAST HIGHLIGHTS

- Job growth will moderate in 2006 to 1.2 percent. Over the next five years, the annual growth rate is forecast to average 1.7 percent per year.
- Salaries per worker adjusted for inflation are currently below the California average, but are increasing at a faster rate than the state average. Real salaries are forecast to rise an average of 1.2 percent per year over the next 5 years, and will surpass the state average briefly before the end of the current decade.
- Over the next five years, the momentum for job growth is in trade, government, education and healthcare services, leisure, professional services and logistics. The construction, manufacturing and farm sectors will lose jobs, with manufacturing forecast to fall by 10 percent.

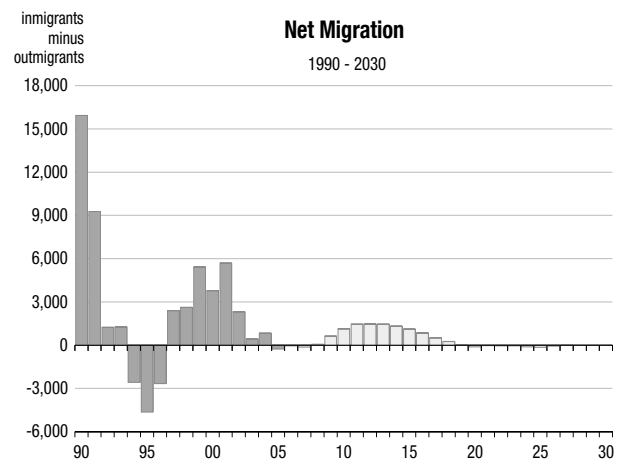
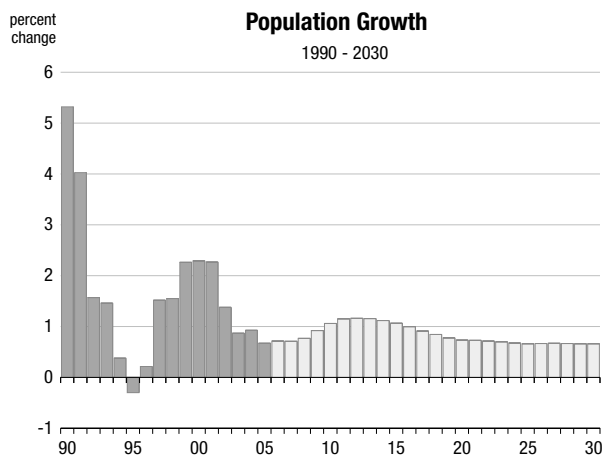


- Population is expected to grow 0.7 percent in 2006. Annual growth in the 2006 to 2010 period is forecast to average 0.8 percent per year.
- Net migration is forecast to be close to zero between 2006 and 2008. After 2008, the number of net migrants increases slightly and from 2006 to 2010, averages 330 people per year.
- Real per capita income is forecast to rise 2.1 percent in 2005. Over the next five years real per capita incomes grow an average of 2.0 percent per year.
- Industrial production is expected to increase 5.0 percent in 2006, due to strong gains in the transportation and utilities sector. Over the next five years the growth rate of industrial production is forecast to moderate, rising an average of 2.3 percent per year.

Solano County Economic Forecast

1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	373,900	2,410	280.8	124.1	1,542	\$3.3	\$8.6	\$28,941	3.4	264.5	1.23	6.4
1998	379,700	2,630	299.4	125.8	2,204	\$3.4	\$9.2	\$29,580	3.2	227.0	1.25	5.5
1999	388,300	5,423	312.2	127.1	1,953	\$3.9	\$9.8	\$29,754	4.2	229.9	1.34	4.6
2000	397,207	3,797	329.5	130.4	2,346	\$4.4	\$11.0	\$31,045	4.5	208.9	1.45	4.2
2001	406,212	5,688	345.6	131.7	2,560	\$4.7	\$11.6	\$30,567	5.4	198.4	1.36	4.6
2002	411,821	2,322	358.8	134.1	2,461	\$5.1	\$12.0	\$30,608	1.6	209.7	1.37	5.7
2003	415,405	434	356.5	136.2	2,678	\$5.3	\$12.5	\$30,952	1.8	221.0	1.65	6.4
2004	419,270	838	377.5	138.2	3,022	\$5.8	\$13.2	\$32,162	1.2	210.0	1.90	5.9
2005	422,094	-263	391.0	140.9	2,543	\$6.0	\$14.0	\$33,062	2.0	212.8	2.03	6.3
2006	425,130	-42	400.0	143.5	2,243	\$6.4	\$14.7	\$33,770	2.7	208.8	2.06	6.2
2007	428,166	-125	410.1	145.6	2,025	\$6.8	\$15.5	\$34,587	2.1	200.5	2.18	6.3
2008	431,470	54	421.0	147.5	2,132	\$7.2	\$16.3	\$35,298	2.3	200.5	2.23	6.2
2009	435,466	636	432.6	149.4	2,160	\$7.7	\$17.2	\$35,992	2.2	192.1	2.25	6.1
2010	440,088	1,136	444.2	151.4	2,143	\$8.1	\$18.1	\$36,558	2.4	183.8	2.27	6.0
2011	445,160	1,466	456.8	153.4	2,112	\$8.6	\$18.9	\$37,051	2.3	182.1	2.33	5.9
2012	450,337	1,478	469.5	155.4	2,171	\$9.2	\$19.8	\$37,474	2.1	178.1	2.40	5.9
2013	455,552	1,458	481.3	157.4	2,157	\$9.7	\$20.7	\$37,836	2.2	171.5	2.47	6.0
2014	460,660	1,321	492.2	159.4	2,096	\$10.3	\$21.5	\$38,186	2.2	167.1	2.53	6.1
2015	465,570	1,115	502.1	161.4	2,015	\$10.9	\$22.5	\$38,500	2.4	162.1	2.59	6.2
2016	470,225	860	511.3	163.3	1,914	\$11.6	\$23.5	\$38,788	2.5	156.7	2.64	6.3
2017	474,525	517	520.2	165.0	1,860	\$12.3	\$24.5	\$39,073	2.6	157.9	2.67	6.4
2018	478,549	262	528.7	166.8	1,756	\$13.0	\$25.5	\$39,391	2.4	154.5	2.73	6.5
2019	482,286	19	536.4	168.4	1,672	\$13.7	\$26.5	\$39,707	2.4	150.3	2.77	6.5
2020	485,835	-104	543.9	170.0	1,654	\$14.5	\$27.6	\$40,052	2.3	147.0	2.83	6.5
2021	489,401	-31	552.8	171.5	1,602	\$15.3	\$28.7	\$40,444	2.3	149.0	2.87	6.4
2022	492,914	-35	562.1	173.0	1,596	\$16.1	\$29.9	\$40,868	2.4	144.8	2.83	6.4
2023	496,381	-39	571.4	174.5	1,526	\$17.0	\$31.1	\$41,297	2.3	146.4	2.80	6.4
2024	499,742	-113	581.1	175.9	1,467	\$17.8	\$32.3	\$41,741	2.2	140.4	2.73	6.4
2025	503,053	-135	591.1	177.3	1,462	\$18.7	\$33.6	\$42,197	2.2	136.3	2.66	6.4
2026	506,423	-58	601.3	178.6	1,494	\$19.7	\$35.0	\$42,641	2.3	133.0	2.62	6.4
2027	509,847	6	611.4	180.0	1,478	\$20.7	\$36.3	\$42,986	2.3	130.0	2.60	6.4
2028	513,248	-16	621.3	181.4	1,459	\$21.8	\$37.8	\$43,286	2.5	130.9	2.61	6.4
2029	516,672	-1	631.0	182.8	1,379	\$23.0	\$39.2	\$43,575	2.5	125.8	2.63	6.4
2030	520,101	-17	640.5	184.0	1,314	\$24.2	\$40.7	\$43,852	2.5	122.1	2.66	6.4



Solano County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	102.9	2.11	7.6	9.4	3.8	18.8	3.4	7.5	1.7	11.4	10.6	22.4
1998	106.3	2.17	7.7	9.7	3.8	18.8	3.4	8.6	1.8	11.9	11.2	23.1
1999	112.0	2.25	8.8	10.1	3.6	19.7	3.6	9.8	1.7	12.5	11.7	24.3
2000	117.4	2.28	9.9	10.3	3.3	20.1	3.8	11.5	1.7	13.7	12.0	24.5
2001	119.3	2.19	10.6	10.0	3.0	20.9	3.8	11.2	1.7	14.3	12.4	25.5
2002	122.4	1.95	10.9	9.5	3.0	21.8	4.7	11.7	1.8	14.5	12.3	26.4
2003	125.4	1.92	11.3	9.0	3.8	22.3	5.8	11.1	1.9	15.6	12.6	25.7
2004	126.8	1.98	12.1	9.1	4.4	22.4	6.0	11.4	1.7	15.4	12.8	25.0
2005	129.3	1.93	13.5	9.2	4.6	22.8	6.2	11.1	1.6	15.8	12.5	25.4
2006	130.8	1.88	12.9	8.9	5.0	23.4	6.2	11.2	1.6	16.3	12.9	25.9
2007	133.1	1.83	12.8	8.8	5.3	24.0	6.3	11.4	1.7	16.7	13.3	26.4
2008	135.5	1.80	12.9	8.6	5.6	24.8	6.3	11.6	1.7	17.1	13.5	27.0
2009	137.9	1.77	13.0	8.4	5.7	25.6	6.4	11.9	1.8	17.5	13.8	27.5
2010	140.5	1.73	13.1	8.2	5.8	26.4	6.5	12.4	1.8	17.8	14.0	28.0
2011	143.6	1.70	13.1	8.1	5.9	27.2	6.6	13.0	1.9	18.2	14.3	28.9
2012	146.5	1.68	13.2	8.0	5.9	28.0	6.6	13.7	1.9	18.7	14.7	29.7
2013	149.4	1.65	13.2	7.9	5.8	28.7	6.7	14.3	1.9	19.2	14.9	30.4
2014	152.0	1.63	13.2	7.8	5.8	29.3	6.7	14.9	1.9	19.7	15.2	31.2
2015	154.5	1.60	13.1	7.7	5.7	29.9	6.8	15.5	2.0	20.2	15.5	31.9
2016	156.7	1.58	13.0	7.6	5.7	30.5	6.8	15.9	2.0	20.7	15.7	32.6
2017	159.0	1.56	12.9	7.5	5.6	31.1	6.9	16.3	2.0	21.2	15.9	33.4
2018	161.2	1.55	12.8	7.4	5.6	31.7	7.0	16.6	2.1	21.7	16.0	34.2
2019	163.3	1.53	12.7	7.3	5.5	32.2	7.1	16.9	2.1	22.2	16.1	34.9
2020	165.5	1.51	12.7	7.3	5.5	32.8	7.1	17.2	2.1	22.7	16.2	35.7
2021	167.9	1.51	12.7	7.2	5.5	33.3	7.2	17.5	2.1	23.3	16.3	36.6
2022	170.2	1.49	12.7	7.2	5.5	33.9	7.2	17.7	2.1	23.8	16.4	37.5
2023	172.6	1.49	12.6	7.2	5.4	34.5	7.3	18.0	2.2	24.4	16.5	38.3
2024	174.9	1.48	12.6	7.1	5.4	35.1	7.4	18.2	2.2	24.8	16.7	39.2
2025	177.4	1.46	12.7	7.1	5.3	35.6	7.5	18.5	2.2	25.3	16.8	40.0
2026	179.8	1.44	12.7	7.1	5.3	36.2	7.6	18.7	2.3	25.8	17.0	40.9
2027	182.0	1.43	12.8	7.2	5.3	36.8	7.7	18.9	2.3	26.2	17.1	41.7
2028	184.1	1.42	12.7	7.2	5.2	37.4	7.8	19.2	2.4	26.6	17.2	42.4
2029	185.9	1.40	12.5	7.2	5.2	37.9	7.9	19.4	2.4	26.9	17.4	43.1
2030	187.8	1.39	12.4	7.2	5.2	38.4	8.0	19.6	2.5	27.2	17.5	43.8

